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CUMONT

*SECOND ANNUAL REPORT*  
**CUMONT MINES LIMITED (N.P.L.)**

# **CUMONT MINES LIMITED (N.P.L.)**

*Head Office:* Suite 302, 550 Burrard Street, Vancouver 1, British Columbia

*Exploration Office:* Princeton, British Columbia

## **OFFICERS**

J. A. Harquail  
J. A. Brusset  
J. J. Brown, C.A.

President  
Vice-President  
Secretary-Treasurer

## **DIRECTORS**

J. J. Brown  
J. A. Brusset  
J. A. Harquail  
V. H. Patriarche  
A. D. Wilmot  
S. Wisebrot

Vancouver  
Vancouver  
Toronto  
Victoria  
Kelowna  
Toronto

## **CONSULTANTS**

*Engineering:* Surveymin Limited  
*Geological:* R. H. Seraphim, Ph.D., P.Eng.

Vancouver  
Vancouver

## **AUDITORS**

McDonald, Currie & Co.

Vancouver

## **BANKERS**

Canadian Imperial Bank of Commerce

Vancouver

## **SOLICITORS**

Lawrence, Shaw, Stewart & McLoughlin

Vancouver

## **REGISTRAR AND TRANSFER AGENT**

Guaranty Trust Company of Canada

Vancouver

## **SHARES LISTED**

Vancouver Stock Exchange

Vancouver

## **ANNUAL MEETING**

Hotel Vancouver, Salon "D", 11 a.m., Tuesday, May 2, 1967.



## REPORT OF THE DIRECTORS

J. A. Harquail,  
President

To the Shareholders:

It is a pleasure to review your company's progress in this second annual report which also includes financial statements for the year ended December 31, 1966.

A total of 310,000 treasury shares were sold during the past year for a net consideration of \$243,095. An additional 50,000 treasury shares were issued late in the year when an option to purchase the Bem Group of claims was exercised in full. The Bem claims cover a large area adjoining the Granby property to the south as well as a smaller area northeast of the No. 14 shaft. This group and all Cumont property holdings are shown on the map accompanying this report.

Extremely high drilling costs were experienced during the recently completed surface drilling program and this was especially true during late November and early December. In view of the increasing costs and poor core recovery, a decision was made to terminate drilling on December 16, 1966, even though an important hole, C-13, had to be abandoned before completion.

Net current assets at year end, consisting of cash and short term bonds, amounted to about \$92,000. Total exploration expenditures in the 21-month period ending December 31, 1966, were \$184,071.

The shares of the company were called for trading on the Vancouver Stock Exchange on February 17, 1967.

### EXPLORATION PROGRAM - 1966

A total of 8,106 feet of diamond drilling was completed in 14 holes, with three holes abandoned before completion. In addition to surface drilling, about 13 line miles of Induced Polarization surveys were completed by Huntex Limited, while geological, magnetic and geochemical surveys were completed on the Hamilton and Bem areas. The I.P. survey work was restricted to the Duke of York, Alabama and Virginia areas.

Dr. R. H. Seraphim, Cumont's geological consultant, completed detailed geological mapping in the Duke of York, Alabama and Virginia areas during October and November, 1966 and made recommendations for future work. Dr. Seraphim has made a valuable contribution to the planning of future exploration programs.

Three areas were diamond drilled with no economic mineralization resulting from these tests. The more significant results obtained were as follows:

#### Duke of York—Honeysuckle Area

Hole Number	From	To	Core Length (ft.)	Percent Copper
C-1	70	140	70	0.45
	180	250	70	0.35
	370	390	20	0.45
C-2	220	270	50	0.39
C-3	No significant results			
C-4	220	240	20	0.64
C-5	No significant results			
C-7	Designed to test "Adit" I.P. anomaly. No significant results			
C-11	40	330	290	0.28
C-13*	248	313	65	0.23

\*Hole C-13, designed to test the Honeysuckle Zone, was abandoned at 389 feet. The proposed depth was 650 feet. Only 20% of the core was recovered in this hole.

**Alabama Area**

Hole Number	From	To	Core Length (ft.)	Percent Copper
C-6	126	136	10	0.71
C-8		No significant results		
C-9	117	144	27	0.60
	180	200	20	0.81
C-10	216	236	20	0.33
C-12*	587	637	50	0.88

\*Hole C-12, designed to test an I.P. anomaly, was abandoned at 792 feet. The proposed depth was 1,000 feet.

**Virginia Area**

Hole Number	From	To	Core Length (ft.)	Percent Copper
C-14	24	35	11	0.63
	123	137	14	0.90
	196	216	20	0.53
	290	297	7	1.00

**REVIEW OF RESULTS**

Surface sampling of the Honeysuckle zone returned 1.50% copper over 35 feet and 0.85% copper over 60 feet. Copper mineralization was observed on surface over a width of about 250 feet. An indication of the broken ground conditions encountered in C-13 is that the average progress per eight-hour shift, during the first three weeks of drilling, was only five feet. In the Alabama area interesting mineralization was obtained in C-9 and more drilling is advisable to the west of this hole. The same is true of the area east of C-12.

Only one hole was drilled in the Virginia area and more drilling should be considered along this mineralized zone.

Results indicated that most major I.P. anomalies tested were due mainly to the presence of pyrite and magnetite. Trenching and sampling of areas of potential interest is the best procedure to adopt in future exploration in areas of shallow overburden. Geophysical and geochemical surveys will continue to be utilized where heavy overburden is encountered.

It is indicative of interest in this area that Newmont Mining Corporation has two diamond drills operating along the main highway, about 1,400 feet north of Cumont's Hamilton group. Granby Mining Company had two percussion drills operating last December within 200 feet of the Cumont boundary and near our No. 18 anomaly area. It is expected that Granby will resume surface drilling at an early date.

**FUTURE PLANS**

Four areas will receive careful attention:

**Honeysuckle Zone:** Percussion drilling is planned to test the Honeysuckle zone. Cumont's consultant has recommended a program of surface trenching prior to the start of this drilling, in order to trace the mineralization towards the "Big Bench" area to the northeast. The Big Bench area is covered with overburden and no geophysical or geochemical work has been done here as yet.

**No. 18 Anomaly Area:** Additional work is planned for the No. 18 claim where limited I.P. work has indicated an anomalous area measuring about 400 by 500 feet. This anomaly is about midway between the two geochemical (copper) anomalies. The Granby drills were recently located about 900 feet southwest of this I.P. anomaly.

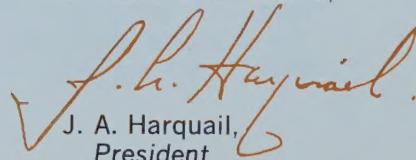
**No. 14 Shaft Area:** The No. 14 shaft area will receive careful study because of the presence of gold with copper. Indicated reserves around the No. 14 shaft are reported as 87,000 tons grading 1.6% copper and \$3.50 in gold. Consideration is being given to the bulk sampling of this deposit as relatively shallow overburden covers the area. A much larger tonnage of open pit ore may be indicated through further work.

**Falun Shaft Area:** The area east from the No. 14 shaft to the Falun claim remains to be probed, a distance of about one mile. Magnetic and geochemical surveys have outlined several anomalous zones where extensive trenching is planned. Surface prospecting has uncovered copper mineralization with low gold values near several of these anomalies.

\* \* \*

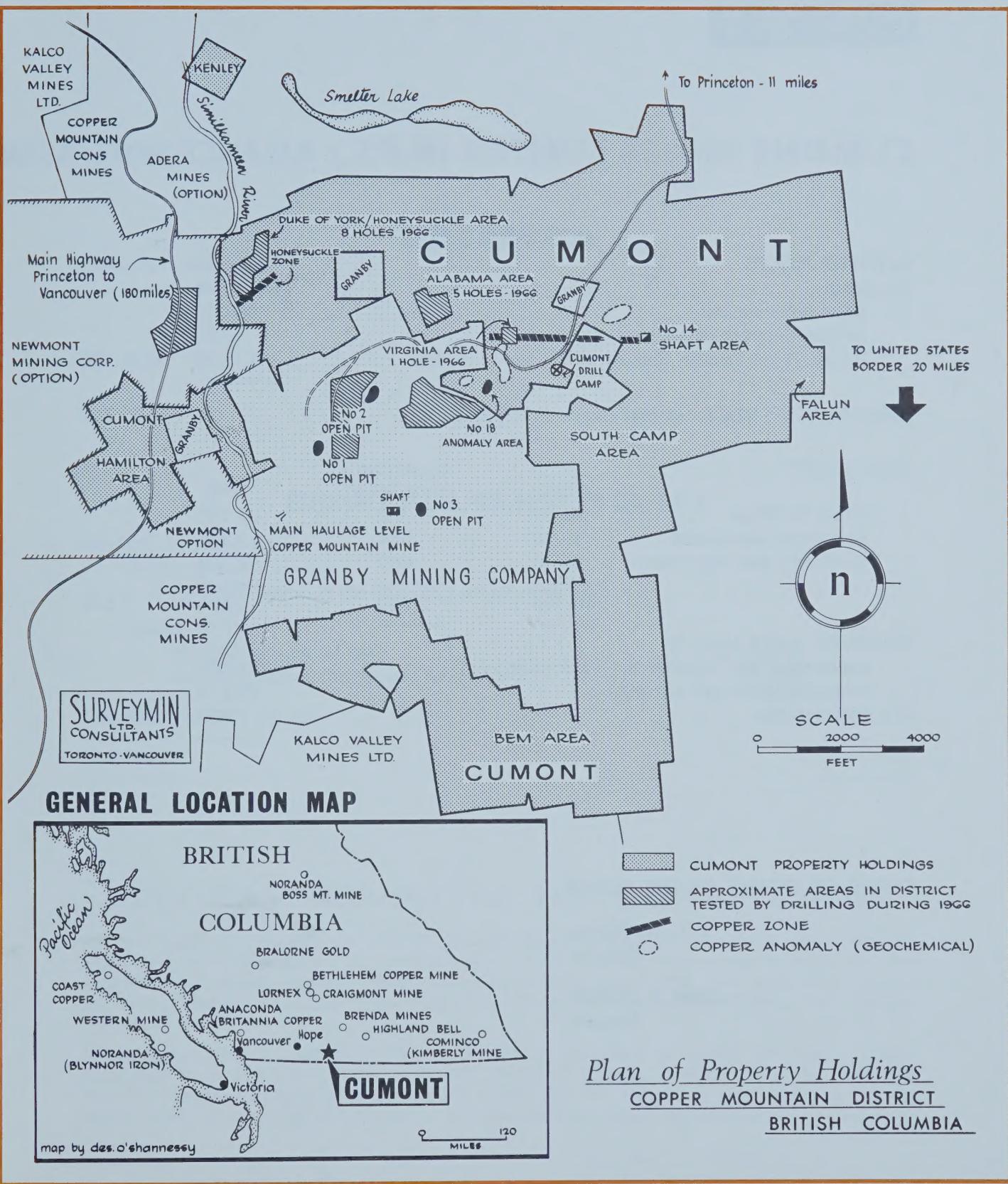
The support of the shareholders during the past year is sincerely appreciated and your continued confidence in the period ahead is valued.

On behalf of the board,



J. A. Harquail,  
President

Vancouver, B.C.  
March 20, 1967





## CUMONT MINES LIMITED (N.P.L.) BALANCE SHEET AS AT [REDACTED]

### ASSETS

#### CURRENT ASSETS

Cash .....	\$ 705
Short-term deposit .....	60,000
Accrued interest receivable .....	445
Pacific Great Eastern Railway 5½ % parity bonds .....	75,000
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MINERAL PROPERTIES - at cost (notes 1, 2 and 3) .....	90,711

#### FIXED ASSETS

	Cost	Accumulated depreciation	Net
Camp buildings .....	4,267	1,172	3,095
Automotive equipment .....	3,099	954	2,145
Machinery and equipment .....	2,973	669	2,304
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	10,339	2,795	7,544
			7,544

#### DEFERRED COSTS (note 1)

Exploration and development - per schedule .....	184,071
Administration - per schedule .....	23,116
Incorporation .....	1,350
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	208,537
	<hr/>
	\$442,942
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SIGNED ON BEHALF OF THE BOARD

J. A. HARQUAIL  
*Director*

JOHN J. BROWN  
*Director*

EMBER 31, 1966

## LIABILITIES

### CURRENT LIABILITIES

Accounts payable .....	\$ 44,547
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## SHAREHOLDERS' EQUITY

### CAPITAL STOCK (note 4)

#### Authorized —

3,000,000 shares of the par value of 50 cents each

#### Issued —

962,980 shares for cash .....	\$318,395
800,000 shares for mineral properties .....	80,000
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1,762,980 shares .....	398,395
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	\$442,942

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Cumont Mines Limited (N.P.L.) as at December 31, 1966, and the statement of source and use of funds for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of source and use of funds, when read in conjunction with the notes and schedules thereto, present fairly the financial position of the company as at December 31, 1966, and the results of its operations for the period ended on that date in accordance with generally accepted accounting principles.

Vancouver, B.C.  
January 6, 1967

McDONALD, CURRIE & CO.  
Chartered Accountants



## CUMONT MINES LIMITED (N.P.L.)

### STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE PERIOD FROM MARCH 10, 1965 (Date of incorporation) TO DECEMBER 31, 1966

#### SOURCE OF FUNDS

Proceeds from sale of shares (note 4) .....	\$313,098
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#### USE OF FUNDS

Exploration and development expenses .....	\$184,071
Less: Charges not requiring a cash outlay - .....	2,795
Depreciation	
52,975 shares issued for expenses prior to incorporation (note 4) .....	5,297
\$175,979	
Administration expenses .....	23,116
Purchase of fixed assets .....	10,339
Purchase of mineral properties .....	90,711
Less: Issue of 800,000 shares not requiring a cash outlay .....	80,000
10,711	
Incorporation expense .....	1,350
	221,495
WORKING CAPITAL - DECEMBER 31, 1966 .....	\$ 91,603

**SCHEDULE OF EXPLORATION AND DEVELOPMENT EXPENSES**  
 FOR THE PERIOD FROM MARCH 10, 1965 (Date of incorporation) TO DECEMBER 31, 1966

Exploration and development expenses prior to incorporation (note 4) .....	\$ 5,297
Assaying and assessment .....	2,755
Automotive equipment operation .....	1,811
Camp supplies .....	2,430
Contract surveying .....	460
Cookhouse .....	4,315
Consulting and engineering .....	6,799
Drilling .....	81,268
Engineering supplies .....	271
Equipment rental and storage .....	2,420
Field administration .....	3,600
Field management and consulting .....	14,445
Freight and cartage .....	188
Geophysical survey .....	7,028
Insurance .....	276
Licences and taxes .....	1,379
Line cutting .....	9,495
Maps and blueprints .....	1,161
Mineral lease rentals .....	982
Prospecting and field expense .....	2,406
Recording .....	1,229
Salaries and wages .....	15,225
Salary and wage assessments .....	1,172
Stripping, trenching and bulldozing .....	9,951
Telephone and telegraph .....	442
Travel .....	4,471
Depreciation .....	2,795
 TOTAL .....	 \$184,071

**SCHEDULE OF ADMINISTRATION EXPENSES**  
 FOR THE PERIOD FROM MARCH 10, 1965 (Date of incorporation) TO DECEMBER 31, 1966

Audit fees .....	\$ 1,370
Bankcharges and interest .....	67
Consulting and management fees .....	8,510
Directors' meetings and expense .....	128
Dues and subscriptions .....	1,010
Legal fees .....	2,919
Office administration .....	3,820
Postage .....	88
Printing, stationery and office supplies .....	863
Promotion and advertising .....	319
Registrar and transfer agent .....	781
Shareholders' information and reports .....	4,396
Telephone and telegraph .....	838
Travel .....	4,347
 Less: Interest earned on investments .....	 \$ 29,456
	6,340
 TOTAL .....	 \$ 23,116



## CUMONT MINES LIMITED (N.P.L.)

### NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM MARCH 10, 1965 (Date of incorporation) TO DECEMBER 31, 1966

#### 1. VALUES

The amounts shown for mineral properties and deferred costs represent costs to date and are not intended to reflect present or future values.

#### 2. MINERAL PROPERTIES

The Company has acquired, and is acquiring under option (note 3), a total of 130 mineral claims and leases located in the Similkameen Mining Division of the Province of British Columbia. The properties owned outright were acquired for cash payments of \$10,711 and 800,000 shares of capital stock of the Company (value ascribed thereto \$80,000) issued in consideration for the properties.

#### 3. OPTION PAYABLE

Under an agreement dated March 26, 1965, the Company acquired all rights to an option agreement covering 23 Crown granted mineral claims and fractions (note 2) registered in the name of Cominco Ltd. The Company has the right to acquire all interest to these claims by incurring exploration expenditures totalling \$100,000 on the properties before December 31, 1968. The Company has certified that it has expended in excess of \$80,000 to December 31, 1966. The Company has the option of making cash payments to Cominco, in lieu of exploration, equal to one-half of the remaining work commitments. In addition, the Company must pay to Cominco five percent of the net smelter returns on all ore extracted from the claims.

#### 4. CAPITAL STOCK

(a) Shares issued and their related discounts and premiums are classified as follows:

	Par value of shares issued	Discounts	Premiums	Net
For cash .....	\$481,490	\$254,690	\$ 91,595	\$318,395
For properties .....	400,000	320,000		80,000
	<hr/>	<hr/>	<hr/>	<hr/>
	\$881,490	\$574,690	\$ 91,595	\$398,395

(b) During the period March 10, 1965 to December 31, 1966, the Company issued 1,762,980 shares as follows:

	Number of shares	Net to treasury
For cash .....	\$ 910,005	\$ 313,098
For cash expended on exploration prior to incorporation	52,975	
For properties .....	800,000	
	<hr/>	<hr/>
	\$1,762,980	\$ 313,098

(c) On June 1, 1965 the directors of the Company reserved 50,000 shares for the purpose of granting incentive options to Company personnel including officers and directors. A price of 25% less than the current bid price on the day on which the options are exercised has been set on these shares. The options are to expire December 31, 1967 and 1968. As at December 31, 1966, there were 35,000 shares still held in reserve.

#### 5. DIRECTORS' REMUNERATION

During the period, \$12,670 was paid to directors of the Company for their services as consultants and employees.



